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SOURCE La Nation Roumaine.RUMANIAN PETROLEUM AND THE SOVIET WAR POTENTIAL

Soviet military preparations stress the petroleum requirements of the Red Army. The characteristics of modern warfare give petroleum a very important strategic role. During the last war, the Wehrmacht experienced great difficulties because of lack of fuel for its motorized division. The development of aviation, only partly equipped with jets, and of the navy makes the success of a war more and more dependent on the possession of petroleum.

In this respect, the US is obviously in a better position than the USSR. Annual production of crude oil in the US is 270 million tons, while Soviet production is only 30 million. The difference becomes even greater because, of the rest of the world production of crude oil -- about 155 million tons -- only Rumanian petroleum (plus the very small amounts from Austria, Hungary, and Poland) is now available to the USSR. It appears certain, however, that the instant war breaks out, the USSR will try to grab Iran to obtain the greatest part of the Iranian oil, which amount to about 24 million tons.

The Soviet high command has more problems, however. It must also face the destruction that war will bring to the installations which produce petroleum and to the transportation of fuel. As a result of the Wehrmacht offensive, Soviet production dropped to 22 million tons (about 70 percent of former output), although the occupation of Rumania in 1944 permitted the USSR to find a valuable source of oil close to the European front. During the first year of occupation, the Soviets took over 3 million tons. Since Rumanian petroleum is produced within the boundaries of Europe, it offers great advantages for supplying the armies on the continent and, at the same time, since it is far removed from the other large production centers of the USSR, it permits a decentralization which is very desirable in case of war.

The Soviet position on Rumanian petroleum has changed greatly since 1944, and these changes have been directly in keeping with the development of the world military situation. The Communists showed great eagerness to revive Rumanian oil production, which had lagged during the first years of Soviet occupation.

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During the entire period of hostilities, Soviet interest was centered on appropriating all stocks of petroleum which could be found in Rumania after the destruction of petroleum installations by US bombers. This policy of confiscation was continued as long as the domestic petroleum production of the USSR showed the effects of war damage. In her desire to supply her immediate needs for oil, the USSR had no concern for the future of the Rumanian petroleum industry. Rumanian equipment wore out, drillings dropped to one half, and the production picture became very alarming.

In 1936, Rumanian oil production reached 8,704,000 tons; in 1943, it was still 5,273,000 tons, but the fields, though exceptionally rich, began to be exhausted. Drillings in new fields were imperative, but to perform this work a large quantity of equipment (principally of American origin) was needed. However, the Communists prohibited any exports of petroleum to the West to buy this equipment. Every drop of oil must be sent to the USSR.

Rumanian oil fields are so rich that for the same amount of drilling, about three times more petroleum is obtained than in the US. In the US, for every meter of drilling the yield is approximately 6 tons of oil; in Rumania, the yield was 26.5 tons per meter drilled in 1936, although production has since varied between 16 and 31 tons.

This ease in obtaining petroleum did not stimulate the Rumanian oil companies to seek new, productive fields, even when it became evident that the present fields would one day be exhausted. From 329,000 meters in 1936, drilling dropped to 235,000 meters in 1940. In 1942 and 1943, however, drilling rose to over 340,000 meters.

The occupation of Rumania by the USSR wrought an unfavorable change in Rumania's economy. Soviet quotas and confiscations prevented the Rumanian oil companies from importing equipment needed for mining. Production declined and drilling fell from 341,500 meters in 1943 to 135,000 meters in 1946. Oil production in coming years must necessarily decrease, but this does not seem to worry the USSR.

From 1944 to 1947 the USSR was not yet sure of full mastery over Rumania, even by driving out all Western influence. She sought to destroy companies with Western capital because these companies produce 90 percent of Rumania's oil. Under the cloak of legality, the USSR wanted the ownership of part of the Rumanian petroleum industry. For this purpose, Sovrompetrol, a holding company, was formed.

The USSR controls Sovrompetrol and the Rumanian Communists offered to her by decree, contrary to the wishes of the stockholders, the oil companies with Rumanian capital. The Soviet contribution was made up of two companies, the French "Columbia" and the Belgian "Concordia" which the Germans seized during the war. The ratification of the transfer of these companies was not granted by the Antonescu government. According to the convention signed by the Allies, these companies were to have been returned to their former owners, but the USSR, ignoring her commitments, appropriated them, turning a deaf ear to the protests of the French and Belgian governments. The Groza government quickly completed the formalities of the transfer.

Sovrompetrol enjoys the support of the government and, consequently, shows a large profit, while the other companies are in very bad shape. Equipment cannot be imported and, even worse, 40,000 tons of the existing material have been confiscated, mostly from the Romano-American Company, and sent to the Soviet Union. The companies receive for their oil, which must be sent to the USSR, prices which are 75 percent below the normal price. On the basis of the peace treaty, Great Britain requested, but in vain, an equitable indemnification to compensate the British companies for such low prices.

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In June 1948, the Communists recognized the weakness of the Western nations in Rumania and delivered the final blow, confiscating all oil companies except those belonging to the USSR. Their demands go even farther because the former owners are sued for damages instead of being paid. The Franco-British group, which held two thirds of the capital of the Steaua Romana company, was called before the People's Court and ordered to pay over one million pounds sterling for having "abusively" possessed for 30 years an enterprise that the application of the Versailles Treaty would have given to Rumania.

This detrimental policy of the petroleum enterprises had a lasting effect on production, which dropped to 3.8 million tons in 1947.

In 1948, the world began to rearm, and immediately the Communists adopted a different attitude. New drilling and increased production became all-important, and at the end of 1948, the Communists even asked the US for mining equipment -- the same equipment which the Communists had for so long forbidden private enterprise to import. The requests were rejected by Washington.

From that time on, the Rumanian government has kept all information about petroleum production a secret. Production figures in other fields have the same classification. It has been announced that the 1948 petroleum production was slightly greater than that of 1947. The 1949 plan, which was to increase crude oil production by 13 percent, has not been realized, although a 9-percent increase was reached. If these figures are accurate, present production should be about 4 million tons. The Communists announce triumphantly that they have increased drilling by 60 percent since 1947. To evaluate this success, it must be remembered that the total drilling is still less than before the Soviet occupation.

Competent authorities estimate that the true 1949 production was under 1.5 million tons. This figure probably does not satisfy Soviet headquarters because, not long ago, Rumania had been fifth in world production.

To reach the present figure, which is about one third of prewar production, the petroleum industry had to increase the number of workers by 50 percent. Before the war, production was 250 tons per worker per year, but only 80 tons per worker per year under the Communist regime. The decline in meters drilled per worker is in about the same proportion (a fact to be remembered when the Communists talk of the so-called increased productivity of the worker under a Communist government).

It is possible that the situation will improve with the exploitation of a new oil region in western Rumania. This oil field was discovered during the war and was appropriated by Sovrompetrol in 1946. The Soviet hopes of finding in Rumania a source of needed fuel are based on this new potentiality. The information which we have makes us skeptical. No matter what Moscow wishes, the Communists will have great difficulty in improving a situation which has been deliberately worsened for 4 years.

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